

BC Check-Up 2018

EMPLOYMENT OPPORTUNITIES

BC's employment opportunities were abundant



4 years of economic growth pushed BC's labour market to full capacity

LABOUR PRODUCTIVITY

BC's labour productivity stayed the course

Labour force with at least some post-secondary education: **RECORD IN BC!**
+2.0ppt to 71.4%

Employment in the natural and applied sciences: **-0.2ppt** to 6.8%

Average labour compensation: **-0.1%** to **\$55,096**

Aggregate compensation actually grew but it was outpaced by the rate of job creation

QUALITY OF LIFE

BC's quality of life deteriorated

Consumer debt per capita
+7.1% to **\$67,294**

largely due to rising mortgage debt

Housing affordability **WORSENE**
 due to record housing prices

Share of median income spent on housing:
+2.3ppt to 80.6% Vancouver
+7.3ppt to 59.4% Victoria

Percentage of labour force between ages 19 and 25 with less than a high school education: **-0.1ppt** to 5.4%

INVESTMENT CLIMATE

BC's investment climate remained stable

Private sector non-residential building investment: **-2.6%** to **\$4.5 billion**

Value of international exports: **+12.7%** to **\$43.7 billion**
 Due to low Canadian dollar and spike in energy exports

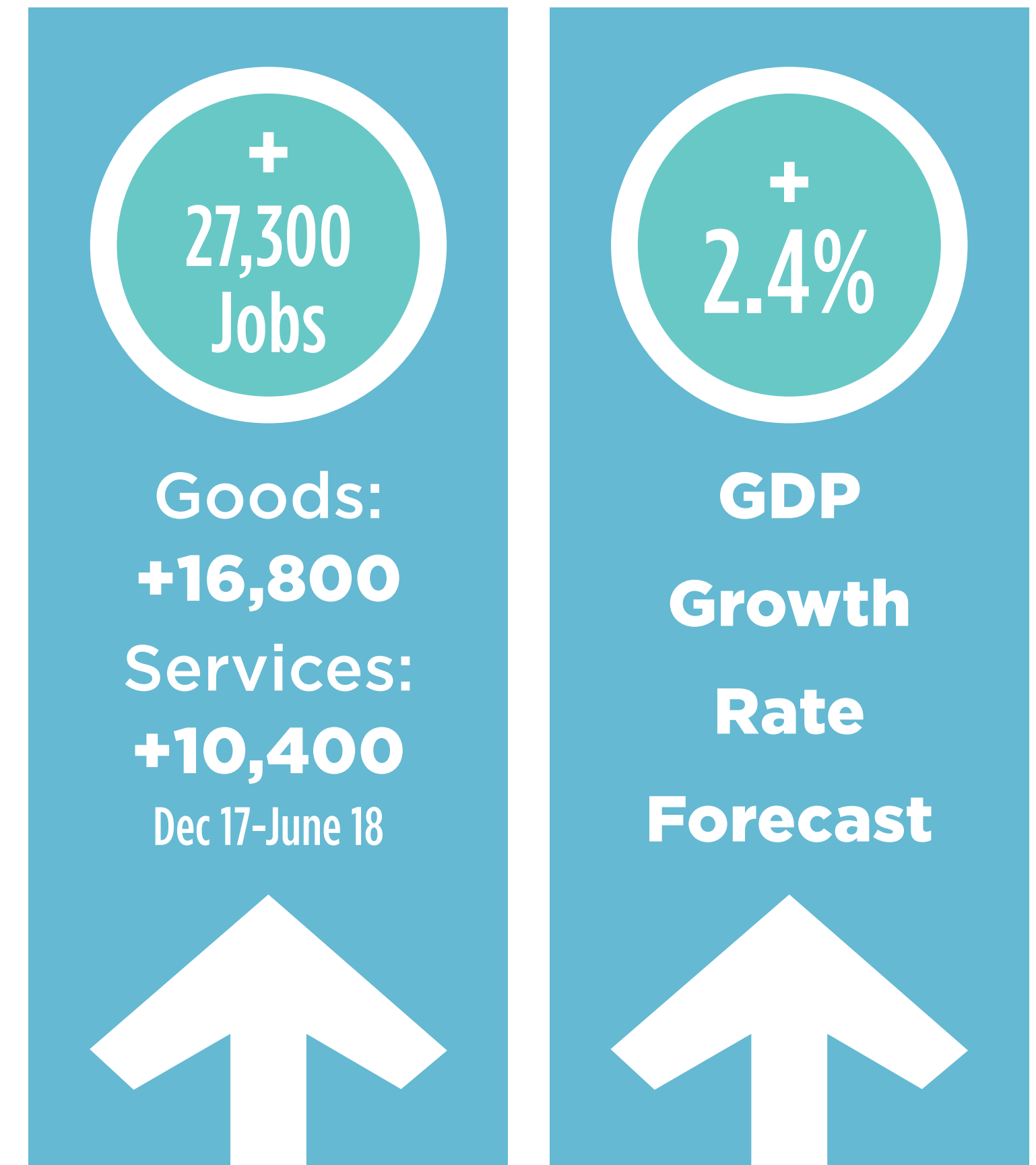


Government net debt as a percentage of GDP: **+0.9ppt** to 15.2%

ppt = percentage point

Outlook 2018-2019

- ➔ Moderated growth is expected throughout 2018 and 2019.
- ➔ Housing activity is expected to slow down as a result of new policies and shifting demands.
- ➔ Uncertainty over trade relations will continue to have some impact on BC's exporters, especially softwood lumber exporters.
- ➔ Recent policy changes in BC, including the new employer health tax, speculation tax, and the community benefits agreement, will also affect BC's economy.



Employment Opportunities



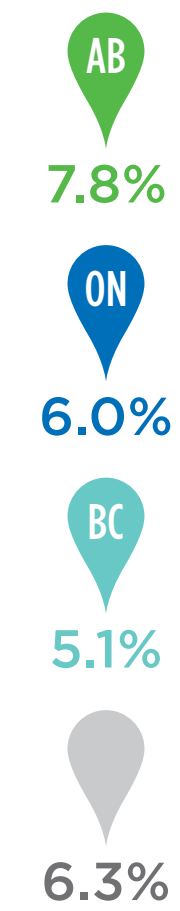
+
87,300

EMPLOYMENT



-
0.9ppt

UNEMPLOYMENT RATE



-
0.1ppt

LONG-TERM UNEMPLOYMENT RATE



BC'S EMPLOYMENT OPPORTUNITIES WERE ABUNDANT

ppt = percentage point

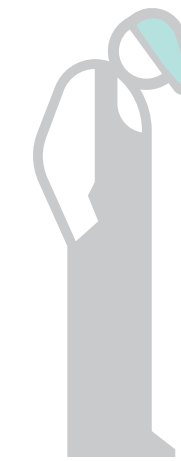
Employment Opportunities

- ➔ Four years of strong economic growth pushed BC's labour market to full capacity, as employment grew by an impressive 87,300 new jobs in 2017, reaching a total of 2.47 million. Unemployment also fell to 5.1%, below the national average of 6.3%.
- ➔ Improved labour market conditions also drew many people back to work, with the labour participation rate rising to 65.3%, the highest level since 2010. This also led to a decline of 0.1ppt in BC's long-term unemployment rate to 0.5%.

Employment:
+ 3.7%



Unemployment:
- 0.9ppt



Labour Force
Participation:
+ 1.4ppt



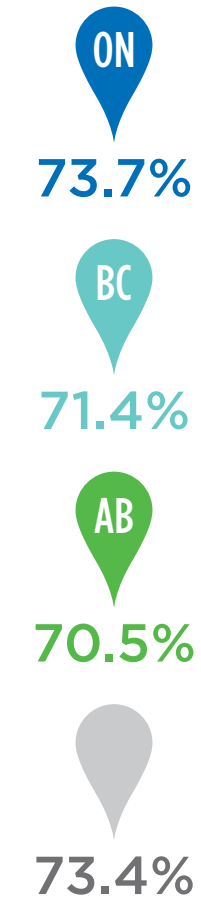
Labour market:
Full capacity

Labour Productivity



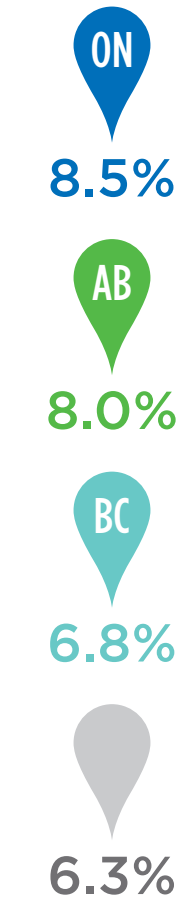
+
2.0ppt

EDUCATIONAL ATTAINMENT



-
0.2ppt

EMPLOYMENT IN THE SCIENCES



-
0.1%

LABOUR COMPENSATION PER EMPLOYEE



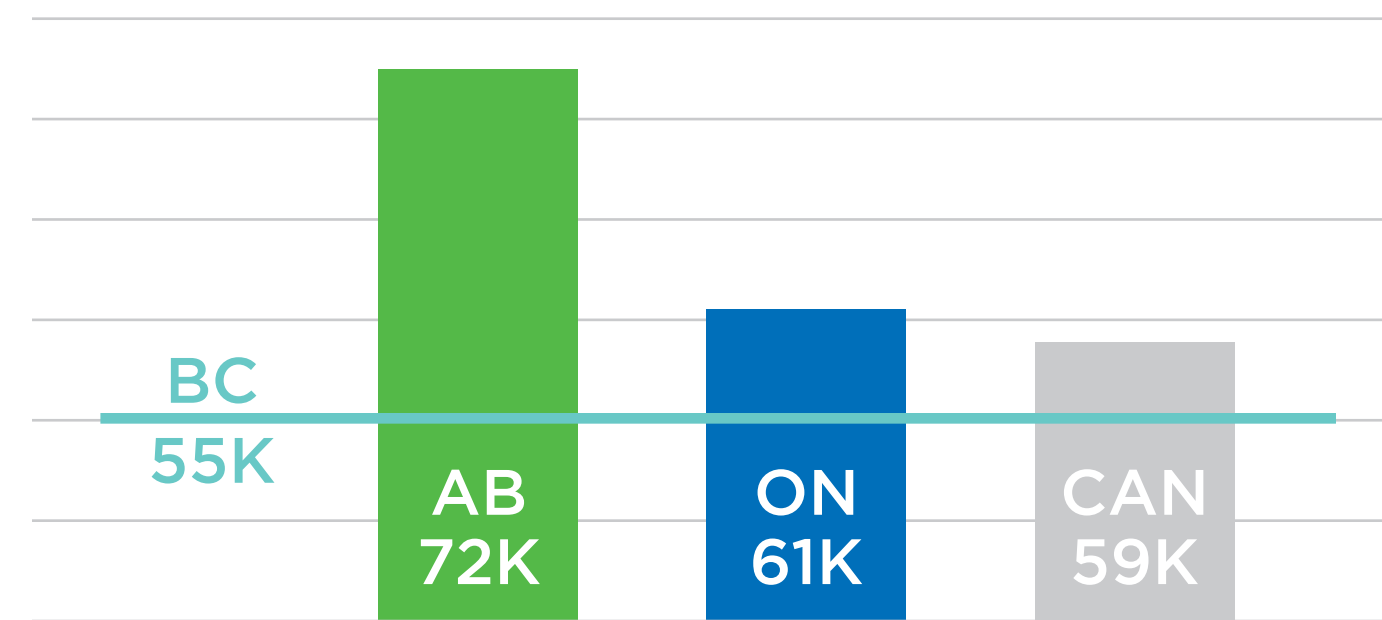
BC'S LABOUR PRODUCTIVITY STAYED THE COURSE

ppt = percentage point

Labour Productivity

- ➔ A higher level of education in the workforce implies better employment prospects and compensation, as well as improved business productivity. In 2017, the share of BC's labour force with at least some post-secondary education grew to 71.4%.
- ➔ But a deeper look at employment, specifically in the natural and applied sciences, says otherwise. Workers in these knowledge-based fields boost innovation and long-term business productivity, and this indicator fell for a second consecutive year in BC to 6.8%.

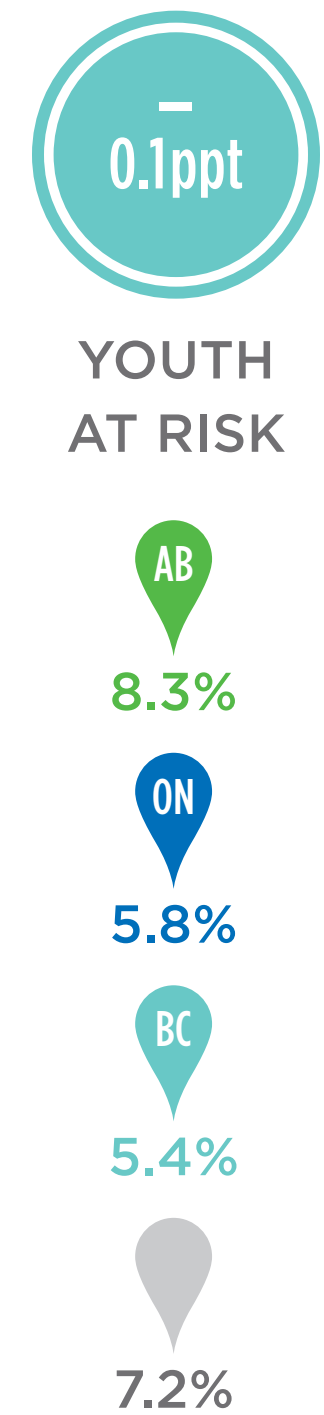
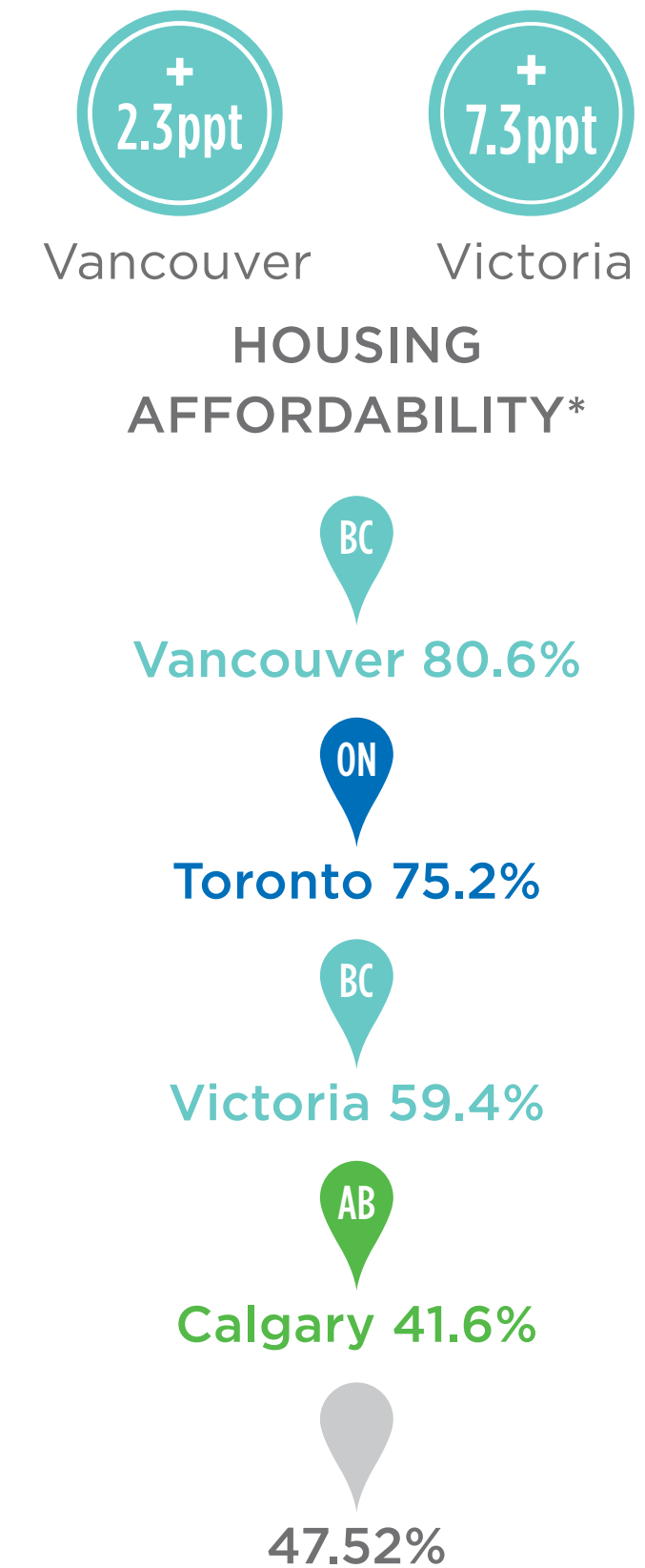
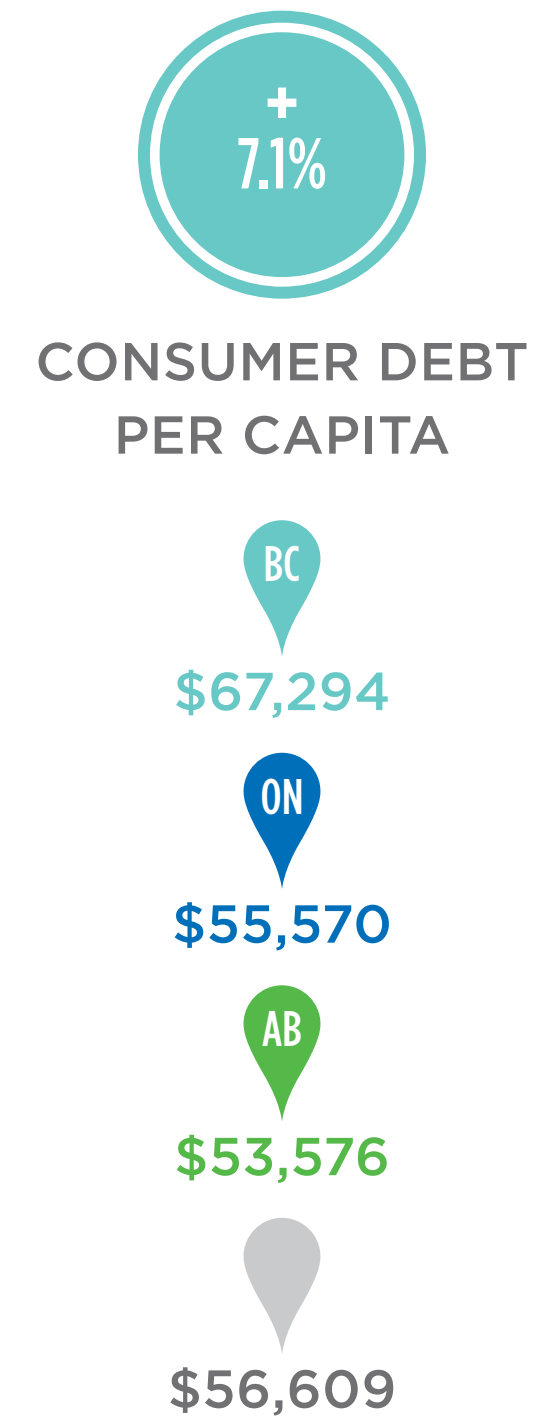
Labour Compensation per Employee



Wages:
Low



Quality of Life



BC'S QUALITY OF LIFE DETERIORATED

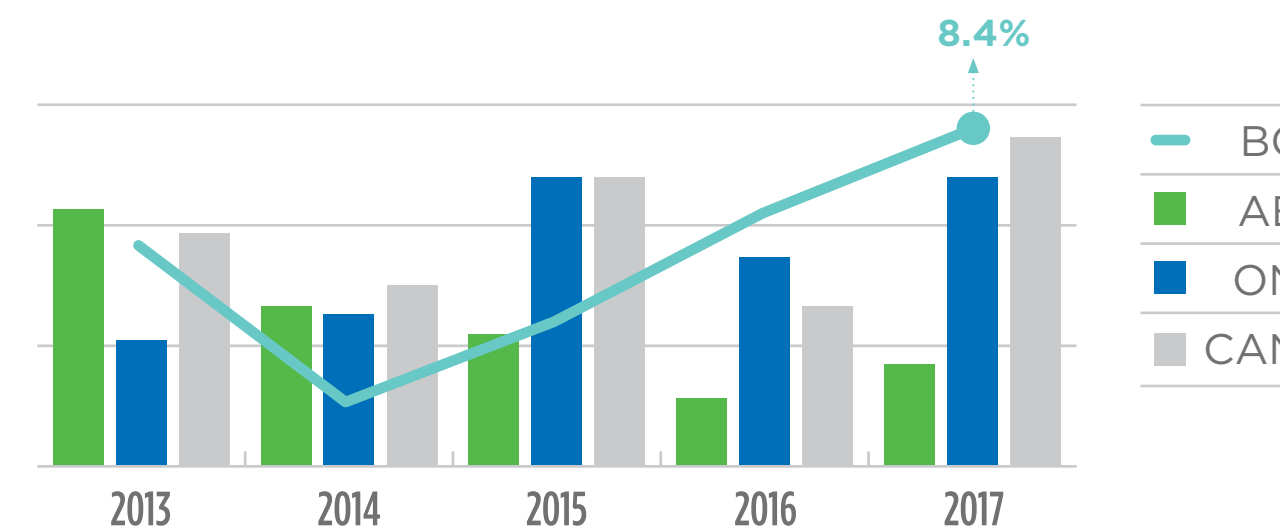
ppt = percentage point

*Percentage share of median pre-tax household income required to cover the cost of mortgage payment (principal and interest), property taxes, and utilities based on the median market price for an overall aggregate of housing types.

Quality of Life

- BC's average labour compensation was low while its consumer debt per capita is high. This, combined with high housing prices and rising interest rates, affected BC's quality of life.
- In 2017, the share of labour force aged 19-24 with less than a high school education fell to 5.4%. There has been a steady decline over the past five years, reflecting an increase in high school completion rates and likely better employment prospects for young workers.

Growth in Consumer Debt



**Debt:
High**



Investment Climate



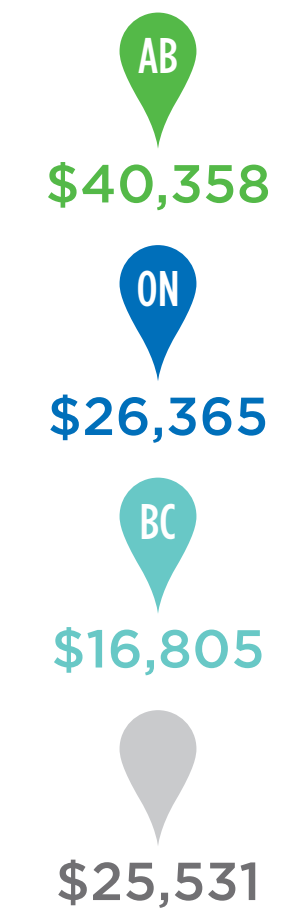
-
2.6%

PRIVATE SECTOR NON-RESIDENTIAL BUILDING INVESTMENT (MILLIONS)



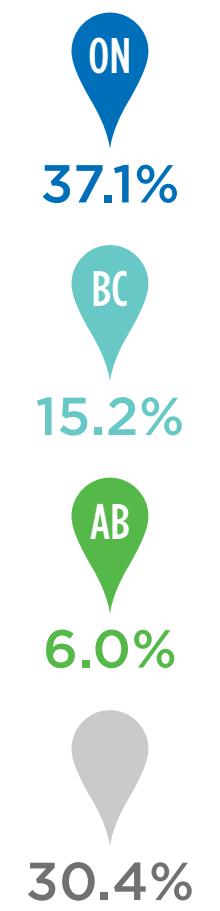
+
9.7%

VALUE OF EXPORTS PER WORKER



+
0.9ppt

GOVERNMENT NET DEBT AS A % OF GDP



BC'S INVESTMENT CLIMATE REMAINED STABLE

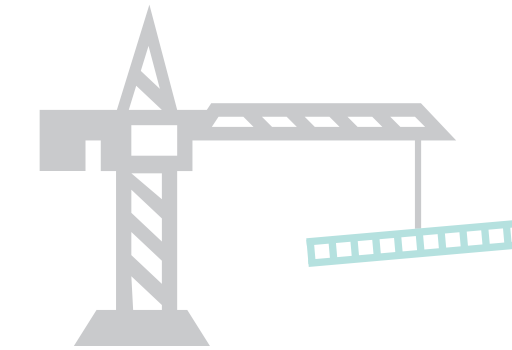
ppt = percentage point

Investment Climate

- ➔ Despite following four successive years of strong economic growth, 2017 was less than stellar for BC's investment climate. After six years of positive growth, private sector non-residential building investment declined to \$4.5 billion.
- ➔ While the value of exports per worker saw a 9.7% gain to reach \$16,805, BC significantly lagged behind the Canadian average and other comparison jurisdictions.
- ➔ BC's government net debt as a percentage of GDP increased to 15.2%, but it remained one of the best performers among our comparison jurisdictions.

Private Sector Non-Residential Building Investment:

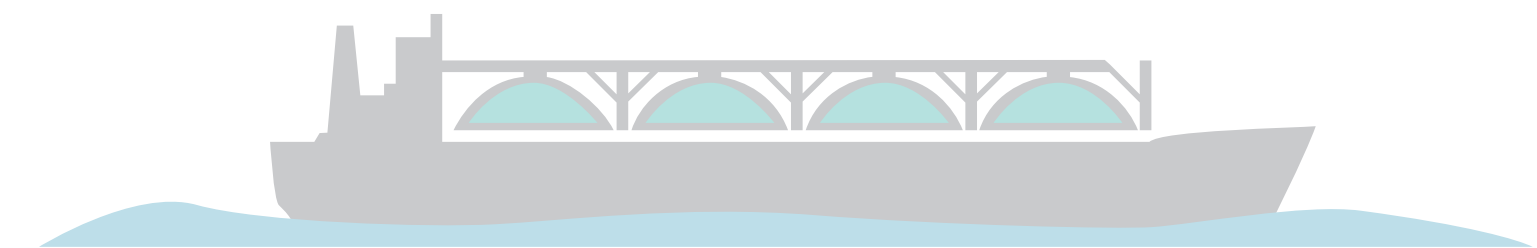
- 2.6%




Business Interest:
Average

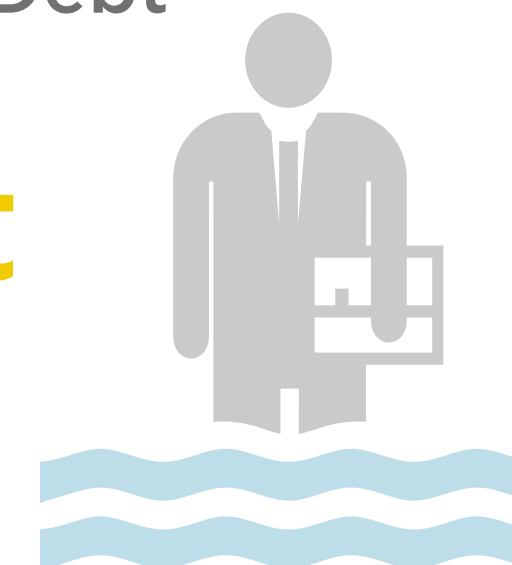
Value of Exports per Worker:

+ 9.7%



Government Net Debt as a % of GDP:

+ 0.9ppt



Definitions

EMPLOYMENT OPPORTUNITIES

Job creation: the annual change in the number of employed workers.

Unemployment rate: the share of unemployed persons in the labour force, which is defined as people ages 15 and older who are employed or actively looking for work.

Long-term unemployment: the share of the labour force out of work for 52 weeks or more.

LABOUR PRODUCTIVITY

Educational attainment: The percentage of the labour force aged 25 to 64 with post-secondary accreditation.

Employment in the sciences: the share of employment in the natural and applied sciences.

Labour compensation per employee: compensation received by an individual for work done, including employers' social contributions, before deducting government transfers.

QUALITY OF LIFE

Consumer debt per capita: includes both personal and mortgage debt.

Youth at risk: the percentage of the labour force aged 19-24 lacking a high school diploma.

RBC housing affordability index: the proportion of median pre-tax household income required to service the cost of mortgage payment, property taxes, and utilities based on the median market price for an overall aggregate of housing types in a given market.

INVESTMENT CLIMATE

Private sector investment in non-residential infrastructure: investments in non-residential building construction, excluding expenditure on residential construction and engineering work.

Value of exports per worker: the ratio of the inflation-adjusted value of exports to the number of workers.

Government net debt as a percentage of GDP: the ratio of government net debt to GDP and measures the fiscal position of a provincial government.

Data for BC Check-Up is obtained from Statistics Canada and supplemented with information from other credible published sources.